### Affordable Housing Tax Credit

**Summary**

In order to increase the supply of low-income housing, this act provides a tax credit for business firms that invest in low-income rental housing production within the state.

**Model Legislation**

**{Title, enacting clause, etc.}**

**Section 1.** The legislature hereby finds and declares that the inadequate supply of sales and rental housing units for persons and families of low income, the deterioration of older dwellings, the elimination of substandard dwellings by governmental action, and a shortage of suitable housing for elderly and disabled individuals threaten the welfare of the citizens of this state. The legislature further finds and declares that it is the public policy of the State of (insert state) to promote the health, safety, and welfare of its citizens by providing tax credit for business firms that invest in low-income rental housing production within this state.

**Section 2.** As used in this Act, the following terms have the following meanings:

(A) “Business firm” means any business entity authorized to do business in this state and subject to taxes imposed under (insert appropriate statutes);

(B) “Credit” means the Low-Income Housing Credit as established herein.

(C) “Federal low-income housing tax credit” means the Federal low-income housing tax credit as provided for in Section 42 of the Internal Revenue Code of 1986 (Public Law 99-514, 26 USC Sec. 42);

**Section 3.** Every business firm that is engaged in a for-profit business enterprise within this state and that qualifies for a Federal low-income housing tax credit shall qualify for the Low-Income Housing Tax Credit. A business firm that qualifies for the credit as provided for in this Act may apply the credit against any tax due under (insert appropriate statutes).

**Section 4.** The amount of the credit available to a business firm that qualifies under this Act shall be equal to 50 percent of the Federal low-income housing tax credit that the business firm is entitled to in the current tax year.

**Section 5.** {Repealer clause.}

**Section 6.** {Severability clause.}

**Section 7.** {Effective date.}

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**1995 Sourcebook of American State Legislation**

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Center for Media and Democracy's quick summary

This bill is a tax credit for builders of low-income housing; it could be construed as a corporate giveaway to homebuilders.